

October 21, 2015

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Dear NCVHS Committee Chair Suarez,

This letter is to provide you notice that CAQH CORE, as the Authoring Entity of Operating Rules designated by the Secretary of Health and Human Services (HHS), has successfully completed the multi-step process of developing and approving a fourth set of operating rules. CAQH CORE authored these rules in response to the Affordable Care Act (ACA) mandates regarding operating rules and industry need. The rule set (referred to as Phase IV CAQH CORE Operating Rules) addresses four HIPAA transactions: healthcare claims; prior authorization; employee premium payment; and enrollment and disenrollment in a health plan.

CAQH CORE presents to NCVHS these new operating rules for its consideration and recommendation to the Secretary of HHS at its earliest opportunity. The operating rules are publicly available on the [CAQH CORE website](#) and as Attachment A to this letter. The Phase IV Operating Rules includes five specific rules:

- Phase IV CAQH CORE 450 Health Care Claim (837) Infrastructure Rule v4.0.0
- Phase IV CAQH CORE 452 Health Care Services Review – Request for Review and Response (278) Infrastructure Rule v4.0.0
- Phase IV CAQH CORE 454 Benefit Enrollment and Maintenance (834) Infrastructure Rule v4.0.0
- Phase IV CAQH CORE 456 Payroll Deducted and Other Group Premium Payment for Insurance Products (820) Infrastructure Rule v4.0.0
- Phase IV CAQH CORE 470 Connectivity Rule v4.0.0

The Phase IV Operating Rules were developed with very active engagement by the CAQH CORE participating organizations and public outreach over the last two plus years. The CAQH CORE Board is especially pleased to submit these operating rules to you given the tremendous level of involvement by the various sectors of the healthcare industry during the Phase IV development. In addition, we are pleased to report the overwhelming support for these operating rules garnered in the formal ballot process. Attachment B to this letter is a September 23, 2015 press release referencing the

outcomes of the final ballot, which had over ninety percent participation and eighty-eight percent approval.

Based on industry-wide input and per the defined role of operating rules, as well as the ACA mandates, the Phase IV CAQH CORE Operating Rules focus on establishing some basic infrastructure expectations for national data exchange, including setting requirements for:

- Offering at least one common method of connectivity with expected security (i.e., a “safe harbor”) among entities transmitting data electronically.
- A minimal amount of time that systems must be available to receive and send data, and the ability to track and report system downtimes.
- A common acknowledgement to ensure the transaction has been received, has not been lost between entities, and will be addressed.
- Required response times for acknowledgement and processing for both real-time and large record “batch” submissions.
- A common format that entities must use when providing information about their proprietary data exchange systems via “companion guides.”

The healthcare industry has collaborated in a number of important ways to develop and vote to approve these rules:

- Identifying industry priorities to ensure there was both a focus on the goal of administrative simplification for providers and health plans, and a realistic scope of requirements for the initial phase of operating rules for the four HIPAA transactions addressed by CAQH CORE Phase IV.
- Conducting detailed research, including industry sharing what basic functional expectations were needed across the US data exchange market for each of the four HIPAA transactions, and any specific national experiences such as how the enrollment and disenrollment standards are being used in the recent HHS health insurance marketplace.
- Agreeing on evaluation criteria, including that all CAQH CORE Operating Rules meet the ACA definition of operating rules, as opposed to the role of standards as described in [Interim Final Rule “Administrative Simplification: Adoption of Operating Rules for Eligibility for a Health Plan and Health Care Claims Status Transactions”](#) promulgated by HSS on July 8, 2011.
- Holding numerous open CAQH CORE calls to consider draft rule approaches, widely vetting the draft rules and specific industry feedback, documenting feedback for review and sharing updated draft rules with all constituents via the public [CAQH CORE website](#) and via public Town Hall calls.

In about twenty months of rule-writing, nearly seventy open calls were held and over twenty surveys/straw polls/ballots were conducted at the various stages of design and development. The industry coordination, openness, sharing, and collaboration have been inspiring. The resource commitment by the industry – from assigning experts to chair the groups or participate in calls, to collecting detailed input – has been exceptional. It also underscores the complicated and labor-intensive task of developing operating rules that satisfy the needs of a large and multi-faceted industry, and that complement the mandated version of the HIPAA standards. Moreover, it demonstrates the commitment of the industry to drive needed change in a thoughtful and deliberative manner especially, given that the rules may be recommended by NCVHS and CMS, pursuant to the ACA, for mandatory adoption.

We look forward to presenting the Phase IV CAQH CORE Operating Rules at an upcoming NCVHS Subcommittee on Standards hearing. In the meantime, CAQH CORE is proceeding to encourage voluntary use of these operating rules. As with all of its operating rules, CAQH CORE is committed to not just rules development, but equally committed to driving and tracking industry adoption. As a result, CAQH CORE will be offering the industry a range of free implementation support. Implementation tools include a Gap Analysis Assessment that entities can use to identify where their IT systems or their trading partners must make changes to meet the Phase IV requirements, a voluntary CORE Certification based on the multi-stakeholder approved CAQH CORE Phase IV Test Suite, and a range of education tools such as webinars, coordination with the CAQH Index (which now includes all four of the transactions in Phase IV) and FAQs.

Should you have any questions, please do not hesitate to contact me at 202-517-0404 or [glohse@caqh.org](mailto:glohse@caqh.org).

Sincerely,



Gwendolyn Lohse  
Deputy Director CAQH and Managing Director CORE

CC: CAQH CORE Board and Advisors  
Members and Staff of NCVHS Subcommittee on Standards  
James Scanlon, Acting Deputy Assistant Secretary, HHS  
Shana Olshan, Director, National Standards Group, HHS/CMS/Office of Enterprise Information  
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